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CAD surges by 255pc to $733m in July-Oct

Rising imports and falling exports contributed to poor performance

By Shahid Iqbal

KARACHI: Pakistan's current account deficit (CAD) widened by over 255 per cent year-on-year during the first four months of FY26, primarily driven by rising imports and falling exports.

The latest data issued by the State Bank on Monday showed that the country posted a CAD of $733 million in July-October compared with $206m in the same period last year. Another vital change was that October posted a $112m deficit, compared with a $83m surplus in September.

The pressure on the current account is directly related to higher imports, while the exports remained stagnant during the current fiscal year. Under pressure from the International Monetary Fund, the government had relaxed import curbs.

The government is under severe criticism for failing to boost economic growth over the last three years, and financial circles believe it was a deliberate attempt to cut GDP growth to keep the current account under control. The government achieved a surplus of $1.9bn in FY25, but economic growth remained at 2.6pc, which was later revised to 3pc.

Experts have been advising the government to ease import restrictions to boost economic growth, as the country has an import-led growth model.

The data shows that imports of goods and services during the first four months of the current fiscal year rose to $24.919bn, up from $22.647bn in the same period last year. However, the export did not show any significant change as the total stood at $13.664bn during July-October compared to $13.041bn in the same period of FY25.

The trade deficit during the 4 months of the current fiscal year was $11.255bn compared to $9.606bn in the same period of FY25.

Despite the higher current account deficit, other external account indicators are supportive of the government. Remittances in October totalled $3.4bn, up from $3.2bn in the preceding month. Overall remittances, compared to last year, increased during the 4 months, which was against policymakers' expectations. The government expects to receive $40bn remittances in FY26.

At the same time, the expected inflow of $1.2bn from the IMF under the EFF and RSF programmes, and support from the United States for investment, have changed sentiment towards Pakistan. Some analysts believe remittances will rise as a result of the defence pact with Saudi Arabia.

"The current account deficit is the key to the stability of the external account of the country and a basic need for higher foreign exchange reserves that stabilises the exchange rate," said an analyst. He said that if the current account deficit persists in the first half of the fiscal FY26, it would be damaging to both the economy and the country.

Foreign investment plunges 26pc

By Our Staff Reporter

KARACHI: Despite various government-led initiatives, the inflow of foreign investment has remained disappointing so far this fiscal year.

The State Bank of Pakistan (SBP) data on Monday showed that the foreign direct investment (FDI) fell by 26 per cent during the first four months of 2025-26.

During July-October, Pakistan received a total of $747.7 million in FDI, compared to $1.01bn during the same period of the previous fiscal year, a decrease of $263 million.

Some experts said the departure of several multinational companies from Pakistan and uncertainties regarding a war-like situation with Afghanistan and India could never be an ideal situation to invest in Pakistan.

He said the government must make an effort to resolve the situation, but a hard-hitting statement against India and Afghanistan is appearing in the media almost daily. It can only destroy hope for any foreign investment, he said.

The inflows from China, which were still the largest in July-October 2025-26, fell to almost half of last year's levels. The FDI from China this year was $226.7m, down from $544.4m in the previous year.

Another significant inflow came from Hong Kong, which invested $120m, down from $165m last year.

The inflows from the UK and the UAE were $61m and $86m, respectively, during July-October. However, inflows from the US remained insignificant at just $8.4m compared with $6.4m in the same period last year. US president Donald Trump assured in his statement that his country would invest in mining and offshore oil drilling in Pakistan.

The sector-wise data showed that the highest investment was in the power, gas, and related sector, reaching $311m. However, the inflow was much lower than $638m in 4MFY25. The finance and insurance sectors attracted $264m, up from $245.7m, while manufacturing received $118m, down from $137m last year.

The inflows in October were $179m, mainly from China, Hong Kong and the UAE.

US DOLLAR	BUYING Rs281.35	EURO	BUYING Rs325.73
	SELLING Rs281.75		SELLING Rs328.75
GBP	BUYING Rs369.35	UAE DIRHAM	BUYING Rs76.65
	SELLING Rs372.55		SELLING Rs77.44
KSA RIYAL	BUYING Rs74.92	GOLD	TOLA Rs430,662
	SELLING Rs75.57		10 GMS Rs369,223

Auto financing hits Rs315bn amid cheaper rates

By Our Staff Reporter

KARACHI: The outstanding auto loans posted the 11th consecutive month of growth, rising to Rs315.4 billion by the end of October from Rs305bn by the end of September, according to the State Bank of Pakistan (SBP).

Amid a drop in the policy rate to 11 per cent from 22 per cent in June 2024, auto financing is gradually struggling to reach the record high of Rs368bn achieved in June 2023.

The auto loans may remain in high demand in the coming months, depending on the stability or further decline in interest rates, followed by rising demand for small cars, especially the Suzuki Alto 660cc and imported second-hand cars.

New entrants as well as established assemblers are launching new models, while attractive packages from assemblers and banks, with interest rates below 10pc, continue to attract buyers to bank financing.

However, the existing cap of Rs3m on auto loans continues to restrict higher-end financing. A 30pc down payment requirement and shorter loan tenures — five years for vehicles up to 1,000cc and three years for smaller cars — also discourage potential borrowers.

Assemblers call to curb imports

The three-day Pakistan Auto Show concluded on Sunday, showcasing a wider range of locally produced vehicles and new entrants offering cleaner, greener technologies, signalling that Pakistan may soon witness meaningful growth in the EV category, which is essential for long-term market transformation.

This year's event featured 172 exhibitors, most of whom represented Pakistan's manufacturing base. They were joined by 33 Chinese companies and six Iranian companies. Several brands unveiled new models, with MG Motors, Chawala Green, Changan Pakistan, Master Chery, Capital Smart Motors, and Suzuki introducing vehicles across multiple segments.

Amid enthusiasm around new models and technologies, concerns persist regarding policy consistency — particularly as the government works on the Auto Policy 2026-31. Manufacturers said that while market expansion and new entrants are welcome, the sector's sustainability depends on how the upcoming policy addresses used car imports, which have grown significantly in recent years.

Indus Motor Company Chief Executive Officer Ali Asghar Jamali said currently 17 global automotive players have invested in Pakistan, establishing plants with a combined capacity of 500,000 units, of which only one-third is utilised.

Despite significant investment, the import of used cars, which already accounts for 25pc of the market, undermines investor confidence. Insufficient capacity utilisation also makes locally produced vehicles less competitive and more expensive for consumers.

Speaking at the event, he urged the government to maintain policies that promote local manufacturing and shield the industry from the negative impact of used car imports.

Pakistan Association of Automotive Parts and Accessories Manufacturers Chairman Usman Malik said the challenge is not competition but uneven playing conditions, as used vehicle imports often bypass the regulatory and fiscal obligations faced by local producers.

Unless the new auto policy clearly defines the role of used car imports, manufacturers — old and new — will continue to operate in an unpredictable environment, he said, adding that a clear policy framework is essential to protect local jobs, ensure capacity utilisation and sustain long-term investment.

Islamic finance poised to power climate agenda

By Amin Ahmed

ISLAMABAD: A joint report from the World Bank and the Islamic Development Bank (IsDB) has identified both opportunities and challenges in developing the Islamic sustainable finance market.

The report focuses on climate finance, which encompasses funding for climate mitigation, adaptation, and resilience building.

The Islamic finance sector stands at a pivotal moment. It is uniquely positioned to drive meaningful progress on global climate goals through values-based, inclusive financial solutions. Developing a climate finance ecosystem in the OIC, whether conventional or Islamic, faces common challenges, according to the newly-released Islamic Finance and Climate Agenda, jointly produced by the World Bank and the Islamic Development Bank.

OIC countries face significant obstacles in building effective climate finance ecosystems, especially in Islamic finance, due to institutional weaknesses, fragmented policies, especially in the real sector, that are not well-aligned with the financial sector, and limited market capacity. Now is the time for bold, collaborative leadership to elevate Islamic finance as a catalyst for sustainable, climate-resilient growth, the report emphasised.

The potential for Islamic finance to support the climate agenda and tackle climate change is noteworthy, and promoting ongoing growth and innovation in this area will be key to achieving the OIC collective sustainability goals.

The global Islamic finance industry is valued at nearly $4 trillion and shows growing interest in sustainable and climate financing. This has motivated the WB and the IsDB to produce the report, which analyses the role of Islamic finance in sustainable and climate finance markets.

DURING legal proceedings, the managements of all three distribution companies blamed the victims for their own deaths and attempted to absolve themselves of responsibility.—White Star/file

Three Discos fined Rs57.5m over fatal accidents

By Khaleeq Kiani

ISLAMABAD: The National Electric Power Regulatory Authority (Nepra) on Monday imposed Rs57.5 million in fines on three ex-Wapda distribution companies (Discos) over fatal accidents — involving both employees and the general public — during the fiscal year 2023-24 due to poor safety standards and managerial shortcomings.

In three separate orders, the regulator imposed a Rs10m fine on Faisalabad Electric Supply Company (Fesco), Rs17.5m on Gujranwala Electric Power Company (Gepco), and Rs30m on Lahore Electric Supply Company (Lesco) for similar incidents arising from non-observance of safety protocols and failure to use protective gear.

Ironically, the managements of all three Discos showed callous responses during legal proceedings following the issuance of show-cause notices, blaming the victims for their own deaths and attempting to absolve themselves of responsibility.

Nepra initiated proceedings against various Discos after receiving reports of fatal accidents during FY24.

In the case of Fesco, a total of eight fatal accidents were reported, resulting in eight deaths. After detailed investigations and consideration of Fesco's defence and evidence, the company was held responsible for two deaths — both employees.

Nepra's investigation revealed that the accidents involving Fesco employees occurred due to electrocution and a fall from an electric pole. These were primarily caused by failure to obtain a permit to work, non-use of personal protective equipment, and lack of supervision.

In both cases, the management blamed the employees. Ironically, one accident occurred while addressing a three-month bill of Rs3,374, resulting in the loss of a human life.

In the case of Gepco, the regulator investigated eight fatal accidents resulting in nine deaths — three employees and four members of the public — and held the management responsible for seven of the cases.

Nepra found that the fatalities resulted from serious lapses in electrical safety and infrastructure management. Gepco attempted to shift blame to uncontrollable circumstances or the victims themselves.

In the case of Lesco, the regulator investigated 12 fatal accidents in FY24 that resulted in 13 deaths. After investigation, Lesco's management was held responsible for all 12 cases. Ironically, the management attributed the deaths to "individual actions or human behavior," fully absolving itself of any responsibility.

Exports to Europe rise to $3.2bn

By Mubarak Zeb Khan

ISLAMABAD: Pakistan's exports to European countries recorded a year-on-year growth of 5.66 per cent in the first four months of 2025-26, driven primarily by increased shipments to southern, eastern and northern European states.

In absolute terms, export earnings from the European Union (EU) rose to $3.174 billion in July-October, up from $3.004bn over the corresponding months of last year, according to figures compiled and released by the State Bank of Pakistan on Monday.

In FY25, the exports to the EU rose 7.44pc to $8.863bn up from $8.249bn in the previous fiscal year.

The uptick was due to a slight increase in demand for Pakistani goods, mainly textile and clothing products, in western, eastern and northern Europe.

In FY24, Pakistan's exports to the EU dipped 3.12pc to $8.240bn despite its GSP+ status, which allows duty-free entry into most European markets.

Western Europe, which includes countries such as Germany, the Netherlands, France, Italy, and Belgium, accounts for the largest share of Pakistan's exports to the EU. Exports to this region declined slightly by 0.2pc to $1.491bn in 4MFY26, up from $1.494bn in FY25.

There is also a slight increase in exports to eastern, northern and northern Europe. Exports to northern Europe rose 9.84pc to $257.388m in 4MFY26, up from $234.322m in the corresponding months last year.

Exports to southern Europe grew by 12.19pc to $1.159bn in 4MFY26, from $1.033bn in the corresponding period last year.

In this region, exports to Spain recorded paltry growth of 11.35pc to $533.37 million in 4MFY26, from $479.01m in the preceding year.

Exports to Italy increased 9.07pc to $431.02m in 4MFY26 compared to $395.15m in the same period last year. Exports to Greece recorded a 4.27pc decline to $45.02m during the months under review, compared with $47.03m over the previous year.

However, exports to eastern Europe grew 10.03pc to $267.071m in 4MFY26 from $242.735m in the corresponding period last year.

Before Brexit, Pakistan's major export destination was the United Kingdom. In the post-Brexit period, Pakistan's exports to the UK slightly decreased to $752.97m in 4MFY26 from $760.834 over the corresponding period last year, a decline of 1.03pc.

In FY25, Pakistan's exports to the UK increased by 7.19pc to $2.160bn from $2.015bn in the preceding year.

Pakistan's exports to western Europe declined slightly by 0.2pc to $1.491bn in 4MFY26, from $1.494bn last year.

Exports to Germany surged 2.39pc to $594.29m in 4MFY26 from $580.41m. Similarly, exports to the Netherlands, the second-largest market for Pakistani goods, increased 0.54pc to $504.88m in 4MFY26 from $502.15m over the corresponding period last year.

Exports to France fell by 3.28pc to $183.02m in 4MFY26 from $189.24m, followed by a 5.69pc decline to Belgium's $196.55m against $208.41m.

PIA signs cargo agreement with Bangladesh airline

RAWALPINDI: Pakistan International Airlines signed a landmark cargo interline special rate agreement with Bangladesh's Biman Airlines, a move aimed at boosting trade and streamlining air cargo between the two countries.

This agreement will enter into force on Dec 1.

A spokesman for the national flag carrier said on Monday that the key objective of this partnership was to streamline the movement of air cargo between the two countries.

Under the agreement, Saudi Arabia's major cities, Jeddah, Medina, and Riyadh, will be used as transit gateways. This partnership will establish a strategic corridor for regional trade, the spokesman said.

The agreement will reduce the logistical complexities involved in transporting valuable goods such as textiles, pharmaceuticals, and agricultural products.

Through the extensive networks of the national airlines of both countries, quality and low-cost cargo solutions will be provided. PIA is committed to providing Pakistani exporters and importers with access to the most efficient cargo services in the region, the spokesman said.—Staff Reporter

Equities falter on poor economic data

By Muhammad Kashif

KARACHI: The Pakistan Stock Exchange (PSX) on Monday posted a negative performance as rising imports and falling exports chiefl contributed to widening of the country's current account deficit (CAD) in the first four months of the current fiscal year, snapping the bullish momentum of last week as jittery investors opted to take profits.

According to Topline Securities Ltd, the KSE 100 index ended the trading session on a subdued note, closing at 161,687 points, down 248 points or 0.15 per cent. Throughout the day, the benchmark displayed heightened volatility, oscillating between an intraday high of 163,602 and a low of 161,481, as investors engaged in profit-taking ahead of upcoming economic developments.

Market sentiment remained under pressure, with several heavyweight — Lucky Cement, United Bank, Mari Energies, Hub Power, and Maple Leaf Cement Factory — acting as major drags on the index. Collectively, these stocks wiped out approximately 396 points from the benchmark.

Despite a negative session, the overall market participation strengthened, with trading volume surging 80.32pc to 1.212 million shares and the traded value rising 19.42pc to Rs 41bn. K-Electric led the volume chart with 296 million shares.

Ali Najib, Deputy Head of Trading at Arif Habib Ltd, said the market remained volatile and the index ultimately settled in the red.

On the macro front, the country recorded a current account deficit of $112m in October compared to a surplus of $296m in the same month last year. The deterioration stemmed from a 13.4pc year-on-year rise in imports alongside a 3.6pc decline in exports. Consequently, the deficit for 4MFY26 widened sharply to $733m, up from $206m in the same period last year.

The benchmark index is currently consolidating, where 160,000 is expected to act as a firm support. If sustained, the index is likely to target the 165,000 level later this week.

PAKISTAN STOCK EXCHANGE

THE TOP FIVERS

GAINERS		LOSERS		LEADERS*	
Unilever Foods	943.08	Khyber Textile	82.13	K-Electric	296,27
PIA Holding CoB	484.00	Sapphire Textile	73.01	Beco Steel	107.34
Supernet Techno	155.60	Ismail Industries	68.16	TPL Properties	73.34
Bhanero Textile	66.96	Gillette Pakistan	40.53	Worldcall Telecom	61.32
ZIL Limited	50.15	Al-Abbas Sugar	34.94	Telecard Limited	53.58

(Share values in rupees)

* Volume in millions of traded shares

ACTIVITY

Total listed	532
Active	481
Gainers	253
Losers	192

PARTICIPANTS

Foreign	▼$1.20m
Companies	▼$2.28m
Banks	▲$1.30m
Mutual Funds	▲$1.42m
Individuals	▲$3.78m

INDICATORS

	Monday	Previous		Change
KSE 100-SHARE INDEX (Points)	161,687.18	161,935.19	▼	248.01
KSE 30-SHARE INDEX (Points)	48,950.98	49,083.13	▼	132.15
MARKET CAPITAL (Rs billion)	18,449.937	18,433.833	▲	16.103
TRADING VALUE (Rs billion)	41.376	34.646	▼	6.729